

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 587 - SB 1836**

February 28, 2011

**SUMMARY OF BILL:** Authorizes the City of Lexington to levy a hotel occupancy tax subject to the adoption of an ordinance by a two-thirds vote of the municipal legislative body.

**ESTIMATED FISCAL IMPACT:**

**Increase Local Revenue – \$28,000/Permissive**

**Assumptions:**

- The City of Lexington municipal legislative body will adopt an ordinance authorizing the collection of a hotel occupancy tax.
- According to the Department of Tourist Development's Web site, the Days Inn Lexington, which has 42 rooms, is the only hotel or motel within the Lexington city limits.
- According to the Nashville Convention and Visitors Bureau, the 2009 hotel occupancy rate in Davidson County was 57 percent. According to PricewaterhouseCoopers LLP, the national hotel occupancy rate for 2009 was estimated to be 58.6 percent. Estimate assumes the occupancy rate in Lexington is 57 percent.
- There will be approximately 8,738 (42 rooms x 365 days x 57% occupancy) nightly rentals each year in Lexington.
- The average nightly rate at Lexington Days Inn is \$64.
- The hotel occupancy tax in Davidson County is 5 percent. Estimate assumes the City of Lexington will levy an occupational tax of 5 percent, resulting in a permissive increase to local government revenue of \$27,962 (8,738 x \$64 x 5%).

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White".

James W. White, Executive Director

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